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OVERALL STRENGTHENING OF ENTERPRISE MANAGEMENT AND

OVERALL FULFILLMENT OF STATE PLANS

- COMMUNIST CHINA -

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[The following is a full translation of a summary report by Wang Lin, Secretary of the Shensi Provincial Committee of the Chinese Communist Party, at the Conference of Cadres in Industry and Communications, as published in the Shensi Jih-pao, T'ai-yuan, 27 July 1959, page 2.]

I. Basic Situation on the Industrial Front  
During the First Half of 1959.

During the first half of 1959, the general situation relating to the industrial front and other departments of the national economy in the province of Shensi has been very good.

We fulfilled 48.6 percent of the whole year's plan in production value, which is nearly half the whole year's plan. From the viewpoint of volume of production, we fulfilled more than half of the plans for the whole year in 22 out of 44 major commodities. Among them, plans for pig iron were fulfilled to the extent of 58.1 percent; these for coal, 56.6 percent; those for coke, 56.3 percent; those for refractory bricks, 84 percent; those for gasoline, 64.9 percent; and those for diesel oil, 63.3 percent.

The machine building industry produces 16 major items. We fulfilled more than half of the year's plans for eight of their products; coke manufacturing equipment, power machinery, transformers, pneumatic machines, metal cutting lathes, reaping machines, large sized husking machines, and alternate current electric motors. In some items we fulfilled 80, 90 and even 100 percent of the plans for all of 1959.

We fulfilled 79.1 percent of the whole year's plans for caustic soda; 60.9 percent for medicinal pills; 50 percent for cotton yarn; 53.2 percent for paper; 67 percent for soap; 54 percent for cigarettes; and 52 percent for leather shoes.

We fulfilled more than 40 percent of the whole year's plans for crude oil, electric power, cloth printing and dyeing, vaccine for injections, general alternate current electric generators, and edible vegetable oils.

We fulfilled more than 30 percent of the whole year's plans for steel, timber, matches, salt, soda ash, industrial bearings, and other equipment for factories and mines. For nine other commodities fulfilled less than 30 percent of the whole year's plans.

Compared with the same period in 1958, the total value of industrial production showed an increase of 82.54 percent. The margin of increase measured in quantity was also wide for the major commodities. In the case of 30 commodities which admit of comparison, we registered increases of from one to 38 times for 13 items; an increase of from 50 to 80 percent for 8 items; and a slight increase for six items. There was a slight decline in the output of three items.

We also scored marked success in the trial production of new commodities. According to incomplete statistical data, production on an industrial scale has been started, or is about to start, on several hundred of the commodities trial produced.

In communications and telecommunications, we fulfilled 47.49 percent of the whole year's plans in respect to freight volume carried by train; and 48.5 percent of the business volume of the postal and telecommunications services. In both cases, the half-way mark for the entire year had been neared.

In capital construction, during the first half of 1959 investments reached 33.4 percent of the total set for the year. This was equal to 153.4 percent of investments made during the same period in 1958.

During the first half of 1959, on the industrial, communications and capital construction fronts throughout Shensi, we developed a vigorous campaign for competitions among red flag bearers centered around technical renovation and technological revolution. The workers exhibited skyrocketing zeal, and with indomitable spirit continually criticized the feeling of laxity. They devised means to overcome all kinds of difficulties, particularly the difficulty of tension in the supply of raw materials. They worked diligently, worked realistically, and worked skilfully. They mutually

supported one another and developed to a high degree the Communist spirit of cooperation. They invented and created, were courageous in renovations, and continually overcame weak links in production. Large numbers of advanced units and advanced individuals emerged. According to preliminary estimates, there were more than 4,549 advanced units and 33,518 advanced producers.

Facts have proved that the first half of 1959 saw a continued big leap forward on the foundation of the big leap forward of 1958, in all fields including industrial production, communications, telecommunications, and capital construction. The problem is very clear. Under the strong leadership of the Party and with the efforts of the whole body of workers, our achievements have been colossal. They cannot be ignored.

However, it cannot be denied that there are still many defects and problems in our work. Some problems are traceable to our lack of experience, while some problems are truly unavoidable in the course of such a great leap forward.

What are our problems? We now see clearly that there are two major problems. The first is the problem of planning. The second is the problem of managing enterprises. With reference to the latter problem, during the past few months, the Party committees of various localities and the relevant specialized departments and bureaus have given it attention and tackled it with varying degrees of intensity. Nevertheless, generally speaking, attention to it has not yet been fully comprehensive, not sufficiently intensive, not penetrating and not thorough. There is still lacking a clarified and unified understanding of the situation. Unanimity has not yet been reached in appraising the nature and seriousness of the problem. Thus, there is some delay in action and progress had not been rapid. I shall now give some views on this problem.

Since 1958, after going through the rectification campaign, we carried out a series of reforms in the management of enterprises, and universally implemented the leadership method of "two participations and three combinations." We transferred authority to lower levels, streamlined administrative and management machinery, simplified statistical forms and charts, and reformed unreasonable regulations and systems. After the great experience of the big leap forward of 1958, the Party's leadership over enterprises was greatly strengthened. We vigorously promoted the mass movement in industrial undertakings and enterprises establishing the work method of the mass

line. This major aspect of the situation must be affirmed.

However, we must also point out the current low level of enterprise management and the confusion which exists in management matters. This is, at present, relatively universal and serious problem. Naturally, with reference to the extent of the seriousness of the situation, differences exist between new and old enterprises, large and small enterprises, and between different trades. Generally speaking, the situation in the new enterprises is more serious than in the old; the situation in enterprises with more varied products is more serious than in those with few and standardized products, and the situation is more serious in many medium sized and small enterprises established or expanded since 1958 than in the enterprises begun earlier. The major problems occur in the following areas:

(1) Planned management:- Some enterprises have not made any great changes in plans. Moreover, their raw material supply is comparatively normal. However, they have relaxed their efforts regarding production and operational planning. They have not organized balanced production with the result that their production has become unstable. At times, during the first twenty days of a month they fulfill only 20 percent of the month's plans. Thus, 80 percent had to be done during the last ten-day period.

Some enterprises did encounter obstacles such as changes in plans and a lack of a stable production program, so that it was not easy for them to draw up operational plans. However, they went right ahead neglecting normal measures for the regulation of production. Problems existing in production, therefore, could not be solved in time and confusion set in. Some other enterprises hastened to fulfill targets. However, they concerned themselves only with shock efforts and disregarded normal systems, so that normal production was affected. In the management of enterprises, no attention was paid to overall fulfillment of state plans. Generally, production value was the main goal without regard for quality. In other cases, attention was only given to quantity, without regard for quality and cost.

Another problem in planned management is found in the fact that some enterprises have over-simplified statistical tables and charts. Some enterprises have reduced nearly one hundred forms (or even more) into a single "schedule of production progress." The result is that no one can tell how much material

is in the workshop, the amount of consumption, condition of the equipment, amount of output, the stock of semi-finished materials, and the extent of rejects. Sometimes, no one can even tell how many workers are on the shift. The leadership does not know the situation clearly and cannot control it. The way is open to mistakes.

(2) Technical management. With reference to measures in technical management, the overwhelming majority of the old plants have made provisions for and enforced systems connected with such matters as designing, artwork, working rules, preparations for production, trial manufacture of new products, inspection of quality, maintenance and repair of equipment, and inspection and analysis of products. Some plants, however, have allowed these measures to develop loosely without proper control. The overwhelming majority of the new plants have not yet established the necessary set of systems for management.

In some enterprises, workshops, work teams, or even individual workers may alter blueprints at random without first getting approval. They also reduce designing targets with the result that products turned out cannot be utilized. Some put up the pretext of "cutting the appendix" and freely "simplify" the parts of a product. Some even proceed with production in quantity without trial manufacture, and without getting approval. The result is that accessories or semi-finished items turned out have to be written off as rejects, and finished products turned out do not conform with standards set by the state.

Some relax in inspection measures, neglect the inspection system, and even abolish specialized inspection machinery. Some transfer the duty of inspection to the workshop, or to even lower levels successively. They may consider inspection personnel as "stumbling blocks to production," so that such personnel are actually eliminated. Some neglect the maintenance, inspection and repair of equipment. Some transfer to the control of the workers work tools, transport facilities and weighing paraphernalia. The leadership also fails to help the workers in the establishment of suitable control systems. Accordingly, the situation relating to the use of these tools becomes confused, and a serious state results in which tools are lost and damaged.

We must make proper estimates of the evil results produced by a confused state of production orders and technical management. The plant itself will fail to fulfill production plans, waste raw materials, increase repair work, raise production

costs and, even more serious, see a decline in the quality of products, and make a poor impression on the masses.

(3) Financial management. In many enterprises there has been a growing tendency to neglect economy, to neglect economic accounting, and to neglect production costs. Some enterprises have relaxed control over raw materials, and have failed to carry out properly and rigidly the original measures for custody, delivery, acceptance, inventory, reclamation of scrap, disposal of old stock, and the disposition of rejects.

Other enterprises are lax in their observance of discipline in financial matters. Capital funds are drawn upon to finance non-productive construction projects, or purchases without the necessary procedure of approval. Raw materials and semi-finished materials are accumulated. Non-productive expenditures are increased. Turnover of the working capital of an enterprise is thus reduced, while the amount of such working capital is increased.

Still other enterprises pay no attention to time quotas. Others pay no need to material consumption quotas. Whatever amount of materials is asked for, it is given. Whatever amount is used, is written off. Some enterprises even promote in various ways the practice of "nobody exercising control". This encourages the shunning of responsibility by all, relaxation of leadership, and relaxation of the system of responsibility.

(4) Problems in labor organization. Some enterprises have over-simplified administrative machinery. Some enterprises have too many workers. There must be a limit to the participation of workers in management. This must be combined with specialization in management. The participation of workers in management should not involve weakening the role of functional machinery. The transfer of authority to lower levels must also be carried out rationally. We must not transfer to lower levels all matters which call for concentrated management and unified control.

A modern enterprise is an organic body. The production process calls for detailed division of labor and continuous operation despite diversified and complex issues. Experience has proved that difficulties arise where division of labor in an administrative and management structure is too crude, and where only two or three offices are maintained to control the work of an entire factory. In many enterprises, technical achievements drop in proportion to the increase of new workers.

This is a sign that labor discipline has become lax, and idleness and waste have become more serious. This has also brings about confusion in the product on order, lack of safety, and low quality of products.

Many reasons have contributed to these defects in the management of enterprises. The year 1958 was one in which industrial development was the most rapid. In a few months, the whole province of Shensi suddenly established more than 200,000 small factories. The scale of capital construction in modern large enterprises was also unprecedented. Industrial production, communication and transport tasks all increased several times. Management work could keep pace with the development of the situation. Moreover, since 1959, plans have been determined late, and the supply of materials have not been timely. This has led to definite difficulties to the leadership of the enterprises. Nevertheless, our major weaknesses have been lack of experience and the one-sided nature of our thinking and methods. This has been revealed principally in the following directions:

(1) Some enterprises have not given sufficient attention to thorough implementation of the system of the factory manager assuming responsibility at the same time as leadership of Party committees over enterprises is strengthened. Some Party committees have monopolized too many tasks, and often deal directly with daily routine production and administrative duties. These should be handled by the factory managers. This has weakened the role of the factory manager in his proper field of production, so that the system of responsibility in production and technical management in an enterprise cannot be carried out resolutely.

(2) Simultaneous with the vigorous promotion of the mass movement, some enterprises relaxed centralized leadership over enterprises and specialized management. Some comrades erroneously held that emphasis on strengthened management would restrict the activism of the masses. They retrenched and merged machineries which should not have been retrenched or merged. Many powers which should not have been transferred to lower levels were transferred. Rules and systems which should not have been abolished were abolished. This was, in effect, making the vigorous promotion of the mass movement antagonistic to the principle of centralized leadership. In many matters, leadership was abandoned.

(3) Some enterprises exaggerated subjective capacity, and neglected objective laws and actual possibilities in

production technique. They blindly sought "weight, size, quality and superiority", which lead to chaos in the production order.

(4) Some comrades lacked the spirit of realism, and lacked the attitude for scientific analysis. They sought formal "showiness" but not "practicability."

The Central Committee of the Party has pointed out that since 1958, the big leap forward in China's national economy is a practice through which we have not only found a wide road to the building of socialism with greater, faster, better and more economical achievements, but also obtained rich experiences on this road. The same applies to the management of enterprises. We have made numerous achievements and gained rich experiences.

Although we are faced with many problems and our defects appear numerous, so long as we look them in the face, analyse the causes, and earnestly sum up experiences and accept lessons, we shall quickly overcome defects and errors. Our work will see rapid improvement. As a matter of fact, as the result of efforts exerted during the past few months, there has been an improvement in the situation relating to the management of enterprises.

In the convocation of the present conference, the Provincial Committee of the Party has for its goal the demand that Party committees at all levels recognize the present situation and rapidly take needed action. Basic organs of the trade unions in industry, communications and the capital construction fields are particularly called upon to mobilize all members of the Party, all members of the Young Communist League, and all members of the trade unions to concentrate their forces and rapidly and thoroughly reverse the abnormal situation in enterprise management. They must penetratingly and intensively overhaul the situation, strengthen enterprise management comprehensively and steadily, raise the quality of products, guarantee safety in production, develop the movement for increased production and economy, and strive to overfulfill the 1959 plans in industrial production, communications transport, and capital construction.

## II. Comprehensive Strengthening of Enterprise Management

I give here some views on concrete measures for the strengthening of enterprise management.

(1) We must strengthen the Party committee's leadership over enterprises. We must implement the system of responsibility of the factory manager under the leadership of the Party committee and the system of the conference of representatives of workers under the leadership of the Party committee. This is a basic system in the management of socialist enterprises evolved gradually by the Party in the course of its work among enterprises during the past few years. Practical experience has proved that this system will guarantee the Party's absolute leadership over enterprises and thorough implementation of the mass line, promoting the rapid development of production.

Enforcement of the system of factory manager responsibility under the leadership of the Party is implementation by the Party of the leadership principle "monopoly of the major powers, dispersal of the minor powers; decisions making by the Party committee and decision implementation by all quarters; handling of problems with authority without departure from principle; and assumption of responsibility by the Party committee for the inspection of work progress."

The Party committee must carry out overall leadership over enterprises. However it must, at the same time, pay primary attention to political and ideological leadership, control major problems affecting policies, and strengthen work among the masses. While it must strengthen the unified leadership of the Party, it must also develop fully the organizational roles of the administration, the trade union and the Young Communist League.

Generally speaking, the Party committee should first undertake discussion of such problems as the study and implementation of directives and decisions from higher levels; the annual and quarterly plans of enterprises; important reforms in the organic structure, management system and labor organization; overall arrangements for central tasks and mass movements for a specific period; and important matters affecting the interests of the broad masses of workers. After the Party committee has made its decisions, matters for organization and implementation and routine administrative and production issues should be handled separately by the administration, the trade union and the Young Communist League respectively. With the active support of the Party committee, the relevant departments should attend to these tasks with a free hand.

As we all know, each enterprise is a collective body made up of hundreds and thousands or even tens of thousands of workers. There must be closely coordinated cooperation among all departments, all sections, all workshops, and all production teams throughout the enterprise. There must be centralized direction and rigid organization. This calls for the establishment, under the unified leadership of the Party committee, of the system of responsibility in administration and management with the system of responsibility by the factory manager as the core, and the establishment of an effective directive system.

All enterprises must regularly hold conferences of representatives of workers under the leadership of the Party committee. Trade unions at all levels must carry out concrete organizational work. Leadership cadres of the administration of an enterprise must make work reports to the conference of representatives of workers, and listen to the criticisms and views of the masses. Through conferences of workers' representatives, we must expose various problems existing in the enterprise, and effectively overcome subjectivism, bureaucracy and commandism on the part of the leadership, raise the management level of the enterprise and promote a rapid development of production.

Participation by workers in the management of a work team is a form of participation in the management of an enterprise. However, production must be the major concern. We must not inappropriately place on the shoulders of the workers and burden them with routine administrative duties which should be dealt with by specialized structures. Workers may play a definite role in the management of such matters as production planning, statistical recording, supervision over quality, custody of tools, delivery of materials, and control of attendance records. However, participation of the workers in management must be properly combined with specialized leadership. It must not replace specialized leadership in an enterprise leading from the higher levels down to the lower levels.

In a word, we need strong leadership from, the Party committee as well as a system of responsibility in administration and management. We must vigorously promote the mass movement and also have centralized unified leadership. We must mobilize the workers into management participation and develop the leadership capacity of the functional departments. This is the unity of opposites. The two must complement each other as we walk on two legs.

(2) We must establish and perfect the system of technical management. The primary task at the moment is to strengthen the technical inspection of raw materials, parts of equipment, semi-finished and finished products, and adhere strictly to established quality standards. Inspection by specialized machinery must be combined with inspection by the masses themselves. However, inspection by specialized machinery must constitute the principal need.

We must establish a system for the inspection of all links, from the entry of raw materials and other supplies into the plant to the departure of finished products from the plant. Next, we must observe strictly the system of craft management and safety, and the work rules for technical operations, strengthening discipline in craft and normal operations. All new products must first be trial produced and approved before official production may commence. Third, we must strengthen the education of workers, particularly new workers, in safety techniques and labor discipline. We must earnestly carry out a check on the technical capacity of the new workers. They must not be allowed to operate independently before achieving quality and guarantees of safety. Fourth, we must strengthen the inspection and repair of equipment, and establish perfect the system of major, medium, and minor repairs and protection and maintenance. At the moment, we must stress the acquisition of needed equipment and needed accessories.

All enterprise must pay serious attention to quality and to safety. We ask all enterprises to mobilize the masses and carry out an overall general inspection of product quality safety measures, and defects in equipment within the third quarter of 1959. The problems exposed should be handed over to the masses for discussion. In this way, measures can be suggested for the problems to be solved as soon as possible. At the same time, on the basis of the results of the inspection, and in combination with actual conditions in an enterprise, we must immediately restore or establish a necessary and minimum management system.

(3) We must establish and perfect a system of planned management. Planned management is an important principle for the control of socialist enterprises. We must practice planned management to guarantee timely fulfillment of state plans and to achieve normal and balanced production.

We must first strengthen work plans and the system of the regulation of production. We must have plans not only for the factory level, but also for the workshops and for the

production teams. We must make production arrangements for each month, each ten-day period, and even each day. On a regular basis, must inspect conditions relating to the fulfillment of work plans. We must pay attention not only to production volume and speed, but also to quality and the various consumption targets. We must have a system and measures for regular inspection of conditions relating to the fulfillment of plans, so as to establish a normal order for production.

To strengthen planned management, we must establish and perfect the necessary statistical system, and strengthen work in primary records. To avoid being confronted with too many and too complicated statistical forms and charts, this task must be carried out with proper leadership. We ask that the Provincial Statistical Bureau undertake, jointly with the relevant departments and bureaus, an overhauling of the statistical forms and charts used by factories, mines and enterprises. After this, the bureau should decide on a set of statistical forms and charts to be used by basic level units in accordance with their needs and concrete conditions existing in different enterprises.

(4) We must establish and perfect a system of financial management. The economic accounting system is an important method for the management of socialist enterprises. It is an important means to realization of increased production and economy. Economic accounting work involves all phases of the management of an enterprise. However, its central goal is continual reduction of costs. Cost is a comprehensive target in the work of an enterprise. The results of operations and the consumption of raw materials and labor power are revealed clearly by the cost of production.

To strengthen the operation and management of an enterprise, we must have control over production costs and production quotas. At the moment, our primary task is to carry out a rational adjustment of work hours, raw materials, supplies and fuel, and establish some system for their control. We must practice the system of quotas in the management of working capital and loans from the bank.

Added emphasis on economic accounting at this juncture has an even more important significance. After the big leap forward of 1958, we saw a mushroom growth of new factories and mines. Production in many enterprises saw great development with a large increase in workers. The operational and management work in these enterprises had to keep pace with

the flying development of production.

At the same time, it must be pointed out that the leadership in many enterprises has not yet truly recognized the importance of economic accounting. Some have not yet energetically employed this effective tool for the promotion and development of production. Some hold that accounting work is merely the keeping of books, and has no great bearing on the fulfillment of production volume. Some hold that it is the work of financial and accounting personnel, and is unrelated to leadership. Some hold that it is a mess of figures difficult to understand. They, therefore, do not attempt to master it. Still others hold that since production has leaped forward so greatly, there is no call to meddle with small particulars, saying that as the family has grown and the enterprise has developed, a little waste is of no great consequence.

We feel there is the need to criticize all these mistaken views. To guarantee fulfillment of our 1959 tasks, and to guarantee our continued leap forward in the future, leadership cadres at all levels must firmly establish their belief in the importance of economic accounting, and strengthen operational and management work in enterprises.

(5) We must have scientific regulations and systems suited to the development of production if we are to strengthen the management of enterprises. In any enterprise, regulations and systems must be provided at all times. Where there are no regulations to serve as guidance, it is impossible to have the activities of thousands and tens of thousands of individuals scattered over different work posts included within the modern complex process of production. Particularly with reference to technical management, regulations and systems have been evolved through summarizing the experiences of people over many years. These should not be altered lightly.

In 1958 we did right when we advocated breaking down regulations and systems which restricted productivity and the activism of the masses. We did gain many achievements in this respect. However, some comrades have erroneously held that breaking down superstition includes the rejection of science. They treat the reform of unreasonable regulations and systems as an abandonment of all regulations and systems. This is most dangerous. We must understand that breaking down superstition is carried out precisely out of respect for science,

for the development of science. The reform of unreasonable regulations and systems has been carried out precisely for the establishment of regulations and systems which are compatible with the development of productivity and in conformity with actual conditions.

At present, all enterprises, particularly the old enterprises, should mobilize the masses to carry out a re-examination of all old regulations and systems. These must be appraised. Those which are rational must be restored. Those which need improvement must be improved. All enterprises, particularly new enterprises and hsien-operated and commune-operated industrial undertakings, must take into account their current needs, and establish systems that are necessary. The first of such systems may well be those for guaranteeing the quality of production, safety in production, and control of production costs.

(6) We must overhaul labor organization. In the establishment of systems and the creation of structures, we must accord different treatment to different enterprises in accordance with their nature, scope, production characteristics, and the extent of the complicated state of their technical situation. Each factory, and even each workshop, should be differently handled. We must not arbitrarily seek standardization. On the basis of the described above demands for the strengthening of enterprise management, we must revise the creation of structures where necessary. On this subject we must realize that excessive personnel, overlapping structures, and excessively detailed division of labor are irrational. Nevertheless, experience during the past year proves that over-simplification of structures and an inadequate division of labor will also affect the strengthening of enterprise management.

We must resolutely implement the directive of the Provincial Committee of the Party on the overhauling of labor organization. At the moment, agricultural production is of the utmost importance. Rural labor power is still inadequate, and the addition of one person will lead to an increase in the output of grain and cotton. Therefore where workers are proposed for retrenchment, they should be retrenched quickly. This will play an important role in promoting the management level of enterprises, and accelerate the elimination of confusion. We must attend properly to the penetrating mobilization of the masses, and the intensive development of ideological work. We must explain clearly and thoroughly the facts, and mobilize the masses to obey changes made by the organization, so that

those who are retained will have peace of mind and those who are retrenched will feel no misgivings.

(7) We must improve leadership techniques and improve working methods. Chairman Mao has taught us that "economic work must become more and more intensive as we progress." The leadership of an enterprise must attend to the whole situation. While it must take care of production, it must also take care of political and ideological matters and the living conditions of the masses.

An example: It is now very hot. As we pay attention to raising the quality of products and improving management, we must also pay attention to lowering of temperatures and preventing ailments caused by heat. We must show concern for the sleep and rest of the workers, reducing extracurricular activities and guaranteeing the workers' physical health and enthusiasm for production.

The present conference has stressed the management of enterprises including planned management, technical management, and financial management. With reference to the fulfillment of plans, the conference has also brought up the need for overall fulfillment of plans. Overall means not only a certain quantity target, and a certain value target, but covers all the targets laid down in the plans. In a word, this is no different from installing a whole set of equipment. It is not enough to have the parent machine alone. There must be subsidiary machines and parts. Not a single item must be missing. This calls on the leadership to cultivate the overall standpoint, to carry out penetrating investigation and research, and to organize work intensively.

We must also resolutely implement the system in which leadership cadres participate in labor as ordinary workers. On the one hand, they must eat, live, and work together with the masses, and assume the role of ordinary laborers. This will effectively inspire masses of workers in their concern for production as masters. On the other hand, these leadership cadres will also discover defects and problems in leadership work from the workers themselves and from practice in production. This will lead to continual improvement in enterprise management.

The above are the principal needs for strengthening enterprise management. However, because problems are different in different enterprises, the extent of each problem is also different. For this reason, we must take

into account local expediencies and special characteristics of different enterprises. The district committees, municipal committees, and hsien committees of the Party, and relevant government departments and bureaus must make unified plans and concrete arrangements for measures to overhaul the situation under their respective controls.

### III. Continued Penetrative Mobilization of the Masses and Development of the Movement for Increased Production and Economy

I do not propose to discuss here the whole question of the mass movement. The Central Committee and the Provincial Committee of the Party have issued directives on and made arrangements for the contents and demands of the movement for increased production and economy. I shall only mention some views on problems affecting the strengthening of enterprise management for the reference of comrades.

First, there is the question of the appraisal of the mass movement in industrial enterprises in Shensi since 1958. As already stated, in our vigorous promotion of the mass movement, a trend of neglecting centralized leadership developed. There is, therefore, a need for discussing this problem.

One of the basic experiences of the big leap forward since 1958 has been the vigorous promotion of the mass movement. The vigorous promotion of the mass movement has also been an important factor contributing to the bumper harvest achieved by industrial and mining enterprises. In a word, we have gained valuable experience in the vigorous promotion of a mass movement in industrial enterprises. There can be no doubt about this.

Since 1959, after the spring broadcast rally for the mobilization of the masses sponsored by the Provincial Committee of the Party, Shensi industrial and mining enterprises developed extensively the movement for red flag bearers centered around technical reform and the technological revolution. Under the leadership of the Party committees at all levels, and with joint efforts and close coordination of such organizations as the administration, the trade union and the Young Communist League, and the enthusiastic support of the broad masses of workers, the movement made great achievements. Even with the tense situation relating to the supply of raw materials and the prevalence of many difficulties, we have fulfilled smoothly tasks for the first half of 1959 in

industrial production, capital construction, communications, and transport. This is a major aspect of the vigorous development of a mass movement in Shensi's industrial and mining enterprises.

Neglect of centralized leadership has brought with it many problems and created a comparatively serious situation of abnormality in management. However, this is due to our lack of experience and the one-sided nature of our thinking. This development must not be blamed on the vigorous promotion of the mass movement. We believe that after the current overhauling of production methods and the strengthening of enterprise management, we shall create a more favorable climate for a penetrating development of the mass movement.

Are there defects in our mass movement leadership? There are defects. The major defect is that our work has not been sufficiently intensive, and we are not sufficiently realistic. We have carried out our work with great fanfare, but have failed to tread steadily on solid ground. To take political and ideological work as an example, the major issue is, of course, to let political and ideological work as an example, the major issue is, of course, to let politics assume command. However, in certain instances, political and ideological work has been rather crude. The decisions of the Party and its policies and measures have, for a long time, remained at the stage of being general slogans. They have not penetrated the hearts of the people. In the field of technical measures, similar conditions have been reported. Many new technical measures were popularized before they were experimented upon. This could lead only to mistakes and eventually dampen the enthusiasm of the masses.

As we see it now, there have also been defects in the manner in which the masses are mobilized. For example, a work method effectively tried is "grasping the two ends, and leading the middle." In activities connected with "grasping the advanced and putting up model figures," however, some units failed to do the grasping earnestly. Model figures in such units could not be effectively put up. Some units attended merely to grasping the advanced, and have neglected working among the broad masses of the middle-of-the-roads and the backward. Many of our comrades are used to making an impressive start in the development of the mass movement. However, they relax or neglect efforts at sustained development or penetrating and concrete ideological mobilization. Some comrades are not adept at listening to different kinds of views, particularly the views of the

middle-of-the roaders and backward elements among the masses. Such people dare not boldly criticize their leadership. This situation calls for serious attention and earnest review and correction!

There are also problems connected with slogans advanced in the mobilization of the masses. For example, it has not been appropriate to bring up the slogan for "workers with many talents" irrespective of the locale involved. In some new factories, 80 or even 90 percent of the workers are new workers. Their technical level is, at the moment, still very low. It is impossible to expect all of them to become "workers with many talents." It may lead to a relaxation of efforts for specialization. Similarly, it seems also unrealistic in such factories to demand "everybody create miracles" and "a factory with ten thousand capacities."

Second, increased production and economy must constitute our central task. Early in 1959, we brought forward the slogan of making "technical reform and technological revolution the central task." Recently, at the conference of representatives of advanced producers we added the slogan "increased production and economy is our goal." Putting the two together, we have "the mass movement centered round technical renovation and technological revolution, with increased production and economy as the goal."

This is correct. [sic!] We have a "central task", and we have a "goal." In application, we cannot decide which should bear the greater weight. There is some confusion. Our view is that it is more appropriate to refer to the "movement centered around increased production and economy." Naturally, with the emphasis placed on increased production and economy, we do not imply relaxation of leadership over technical renovation and technological revolution in the enterprises. On the contrary, we must continue to develop vigorously such activities on the original foundations. Continual efforts at technical reform and technological revolution will facilitate production increases and benefit the economy.

This is a general slogan for application on a province-wide basis. The various industries and trades may take into account their different characteristics and their concrete conditions, and bring forward more concrete and more practical slogans. For example, an electricity plant may continue to stress safety, and a machine building plant or a textile plant may continue to stress quality. On the basis of differ

periods of time and different demands, and the actual conditions of production, we may, from time to time, bring up more resounding and effective slogans to draw the attention of the masses. Some machine building plants recently brought forward the slogan "high quality, high output and low cost". We think this is a very good slogan.

Third, we must stress intensive ideological work. In 1958, we practiced "the four big issues", the "two participations," and the "three combinations." This was a development of the Party's mass line as applied to the enterprises. For the full development of democracy, all enterprises must earnestly summarize experiences and lessons in the use of such methods.

The development of the mass movement in enterprises is still not balanced. Some enterprises have relaxed work among the middle of the roaders and the backward elements among the masses. This situation must be altered thoroughly. General political calls must be closely combined with penetrating and intensive ideological work and organizational work. We must resolutely oppose all methods of force and compulsion. In dealing with all ideological problems, we must adopt the method of the breeze and the gentle rain. We cannot use the simple and crude measure of placing labels on people to solve problems.

Fourth, we must closely combine strengthening of enterprise management with the mass movement centered around increased production and economy. Between increased production and economy on the one hand, and strengthening of enterprise management on the other, there is no contradiction. The continual raising of the level of enterprise management will further enrich the content of the movement for increased production and economy.

As a matter of fact, the overhauling of production order and the strengthening of enterprise management are closely connected with increased production and economy. Improvement of quality is the biggest production increase for the moment. The proper development of economic accounting will lead to real economy. Strengthening of enterprise management is an important matter that affects the production and livelihood of the whole body of workers. For this reason, the development of this task calls for emphasizing the mass line, full mobilization of the masses, reliance on the masses, and the rallying of the broad masses of workers for active participation.

All systems in enterprise management must have a mass foundation. The self awakening of the masses must be achieved. Accordingly, discussion by the masses is necessary for decisions as to what regulations must be restored and what systems must be established. We must absorb the old workers, technical personnel and advanced elements for participation in such discussions. We must also welcome views from middle-of-the-roaders and backward elements who have varying opinions to offer. After blooming, contending and discussion, we shall arrive at decisions through conferences of representatives of workers or other methods and then thoroughly implement such decisions.

Comrades! The general situation on the industrial front is good. We must grasp the time element, earnestly summarize and absorb the rich experiences of the big leap forward, further actively strengthen enterprise management, overhaul production order, and raise the level of enterprise management.

The tasks during the second half of 1959 are still colossal, and difficulties are still numerous. Under the leadership of the Party, we must continue to exert our utmost efforts, strengthen unity, rely on the masses, and vigorously promote the movement for increased production and economy. We shall all the better and all the more comprehensively apply the general line for the building of socialism to all our tasks, and guarantee fulfillment and strive for overfulfillment of the 1959 leap forward plans.